RECENT IMPORTANT DECISIONS.

BANKRUPTCY—DISCHARGE—DEBTS RELEASED BY.—The defendants, a firm of brokers, were in possession of stock and scrip to the value of $25,000 belonging to plaintiff. Without the plaintiff's knowledge or consent, the defendants sold the stock, and deposited the proceeds to their own account, becoming bankrupt soon thereafter. At the trial the defendants made no attempt to justify their conduct, but pleaded their discharge in bankruptcy. *Held,* the bankrupts' responsibility for such act was a "liability for willful and malicious injury to the property of another," within Bankruptcy Act 1898, as amended by Act of 1903, excepting such debts from discharge. *Kavanaugh* v. *McIntyre et al.* (N. Y. 1914), 104 N. E. 135.

This is in accord with the weight of authority. The difficulty arises in the meaning and application of the words "willful and malicious." On the one hand it is held that the term "willful and malicious" does not necessarily involve hatred or illwill as a state of mind, but arises from a wrongful act intentionally done without just cause or excuse, special malice not being required; that the word "malice" is intended to imply nothing more than a disregard of duty. *Peters* v. *United States,* 177 Fed. 885; *Johnston* v. *Bruckheimer,* 116 N. Y. S. 688; *Bever* v. *Swecker,* 138 Iowa 721, 116 N. W. 704; *In re Maples,* 105 Fed. 919; *Tinker* v. *Colwell,* 193 U. S. 473, 487. On the other hand it is held that the act must be more than willful, it must be with malice—with an evil intent to injure the person and property causing damage to the subject matter, not depriving the owner of them. *In re Sullivan,* 110 Wis. 189, 62 L. R. A. 700; *In re Ennis & Stoppani,* 171 Fed. 755. In the latter case a conversion of property was held not a "willful and malicious injury."

BANKRUPTCY—PROPERTY PASSING TO TRUSTEE—PROPERTY OBTAINED BY FRAUD.—The bankrupt was a furrier doing a retail business in Chicago, and approached appellants with a view to securing credit in the purchase of furs. She represented that she was worth between $5000 and $6000 above all her debts. Relying upon her representations, the appellants sold and delivered furs to her. Within two months thereafter she was adjudged an involuntary bankrupt, and on learning of the said fraudulent conduct and bankruptcy proceedings appellants rescinded said sale and petitioned the court for return of the furs or the proceeds thereof. *Held,* that the trustee in bankruptcy did not acquire title to the furs as against the sellers who rescinded the contract as soon as they learned of the fraud. *In re Gold* (C. C. A. 7th, Circ. 1913), 210 Fed. 410.

Since the amendment of 1910 to § 47a(2) of the Bankruptcy Act 1898, the trustee no longer stands merely "in the bankrupt's shoes," confined to the mere rights which the bankrupt might have asserted, except where fraud or preferences or liens by legal proceedings within four months of bankruptcy are concerned, but stands as a creditor "armed with process." *In re J. S.*